Approved For Release 2000/08/04 : CIA-RDP78-05747A000100120004-2

TO : Comptroller

SUBJECT : Support for Disbursements of Confidential Funds

REFERENCES: (a) Memorandum for Comptroller, from Assistant DD/S, dated 4 April 1957, Subject as Above

(b) Memorandum for Comptroller, from Chief, Finance Division, dated 14 February 1957, Subject as Above

1. Reference (a) transmits a redraft of the new material proposed for addition to paragraph 7 of [redacted] presented by reference (b). 25X1A

2. Reference (a) recognizes that the method of documentary transfer of funds set forth under 7b. "Special Operational Disbursements" is sound in principle but may not be practical of general application. Further, the attached redraft emphasizes the concept that substantive control over the use of Confidential Funds must rest on the astuteness and diligence with which the Chiefs of Stations and other approving officers discharge their responsibilities for the protection of employees and the Agency in the handling and accounting for funds disbursed.

3. As you will undoubtedly recall, the position expressed by the Assistant DD/S is, in substance, identical with the views and conclusions reached during our discussion of this matter when it was determined that proposed expansion of regulations would be presented for consideration. Further the proposal presented in reference (b) was designed with the intention of recognizing, in appropriate circumstances, that certain mechanical controls are sound and worthwhile, but that primary control over the use of funds must be obtained by non-accounting means through positive discharge of responsibilities charged to Chiefs of Stations and approving officers for the use of Confidential Funds.

4. In light of the above, it seems quite apparent that there is agreement in principle on the approach to the problem presented by the case which gave rise to the proposal for expansion of regulations, and the only questions to be resolved are the form and the instrument to be used in publishing appropriate material.

5. On re-examination of the material, and particularly in view of the emphasis on the philosophy of cash control contained in the redraft attached to reference (a), it would appear that issuance of a notice reflecting the concept and techniques of control reflected in the redraft would be more appropriate than inclusion in regulations. Certain of the material is of a policy or procedural nature and, therefore, would be appropriate for inclusion in regulations and/or applicable Handbooks. It is, therefore, recommended that the Technical Accounting Staff initiate action to:

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a. Obtain publication of appropriate Agency and Field Notices, incorporating the principles and suggested procedures presented with reference (a), and

b. Flag the appropriate regulations and Handbooks in order that consideration may be given to incorporation of such of the material as is included in the Notices as is considered appropriate when they are next revised.

25X1A9a 6. The above approach has been discussed informally with [redacted] and it is believed to be acceptable to the DD/S.

[redacted] 25X1A9a

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